

AIR FORCE AUDIT AGENCY



Selective Reenlistment Bonus



AUDIT REPORT

F2007-0004-FD4000

2 February 2007

INTRODUCTION

Over the past several years the Air Force reduced active duty end-strength to Congressionally authorized levels while shaping the force to relieve some of the most stressed career fields. The Force Shaping Program allows officers and enlisted personnel to separate early to reduce excess end-strength. The Air Force uses the Selective Reenlistment Bonus (SRB) as a force shaping tool to retain Airmen with critical military skills such as Pararescuers, Combat Controllers, and Airborne Cryptologic Linguists. At least annually, the Deputy Chief of Staff for Manpower and Personnel's Force Management Division (AF/A1PF), career field functional managers, and major command personnel review each Air Force Specialty Code (AFSC) for SRB award, adjustment, or deletion. AF/A1PF personnel determine bonuses based on AFSC end strength, recruiting and retention rates, and the career field's impact on the Air Force mission. During Fiscal Year (FY) 2005, the Air Force paid over \$212 million in SRBs to more than 64,000 members.

OBJECTIVES

We accomplished this audit because the Air Force SRB investment is an essential element of the Force Shaping Program. Our objective was to evaluate SRB Force Shaping Program separations and active duty service commitments. Specifically, we determined whether:

- Air Force officials effectively limited the number of SRB Force Shaping Program separations.
- SRB recipients properly completed required active duty service commitments.

CONCLUSIONS

Air Force officials effectively limited the number of SRB Force Shaping Program separations, and SRB recipients properly completed required active duty service commitments. Specifically, during FY 2005:

- Air Force officials properly approved Force Shaping Program SRB separations for 353 (99 percent) of 357 SRB recipients. Properly using the SRB incentive is essential for retaining Airmen with the critical skills necessary to sustain the war-fighting force under current budget constraints.

(Tab A, page 2)

Executive Summary

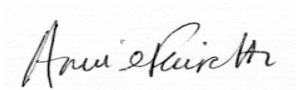
- All 982 SRB recipients completed their required active duty service commitments or were separated from active duty for appropriate reasons and either repaid unearned bonuses or received waivers. Effective service commitment controls helps management retain Airmen with critical military skills; avoid unnecessary training costs; and recoup all unearned bonuses, when appropriate. (Tab A, page 3)

RECOMMENDATIONS

We did not identify any issues requiring management corrective management action.

MANAGEMENT'S RESPONSE

Management officials agreed with the audit results.



ANNIE L. FAIRCLOTH
Acting Associate Director
(Manpower and Personnel Division)



KEVIN J. IVERSON
Acting Assistant Auditor General
(Support and Personnel Audits)

Table of Contents

	<u>Page</u>
EXECUTIVE SUMMARY	i
TAB	
A SRB Separations and Service Commitments	1
APPENDIX	
I Audit Scope and Prior Audit Coverage	5
II Locations Audited/Reports Issued	7
III Points of Contact	9
IV Final Report Distribution	11

Tab A

SRB Separations and Service Commitments

BACKGROUND

Air Force officials first offered SRBs to 107 AFSCs in 1998. In FY 2005, the Air Force was above its congressionally authorized end strength by nearly 20,000 personnel, and Air Force officials initiated the Force Shaping Program to achieve the authorized end strength without creating shortages in critical military career fields. Under the Force Shaping Program, AF/A1PF personnel reduced the SRB program to 32 critical war-fighting AFSCs and allowed certain SRB recipients to voluntarily retire or separate early for reasons such as transferring to an Air Reserve Component or declining transfer to another duty station.

To determine the bonus amount, AF/A1PF personnel assign an SRB multiple ranging from 0.5 to 6.5 indicating the severity of the skills shortage, with the higher multiples receiving a larger SRB.¹ The maximum SRB (\$60,000) is calculated by multiplying a member's monthly base pay by the SRB multiple and the number of years for which they reenlisted.

Members receiving SRBs incur a 3- to 6-year active duty service commitment based on the length of the reenlistment. If an SRB recipient separates from active duty voluntarily without completing the service obligation or is involuntarily discharged for misconduct, Financial Services Office personnel must initiate action to recoup the bonus. However, recoupment action is not required if an Airman separates for reasons specified in the *DoD Financial Management Regulation*,² such as injury not resulting from misconduct or a reassignment to duty in another AFSC for mission-related reasons.

¹ For each AFSC, AF/A1PF personnel assigned SRB multiples in three eligibility zones (A through C). The zones are based on years of service completed at the time of reenlistment. The zones increase incrementally from A to C, with members in zone A having the lowest years of service and members in zone C having the highest years of service.

² DoD Financial Management Regulation, Volume 7A, Chapter 9, Section 0905, May 2005.

Tab A

SRB Separations and Service Commitments

AUDIT RESULTS 1 – FORCE SHAPING PROGRAM SEPARATIONS

Condition. Air Force officials effectively limited the number of SRB Force Shaping Program separations. During FY 2005, 339 (95 percent) of 357 separated SRB recipients were in AFSCs no longer on the SRB authorization list.³ Of those 18 (5 percent) members in AFSCs remaining on the SRB authorization list, only 4 (1 percent) were in the highest SRB multiple (Table 1).⁴

SRB-Eligible AFSC/Title	Number of Members	
	Separated	In Highest SRB Multiple
1A0X1/In-Flight Refueling	2	2
1A2X1/Aircraft Loadmaster	1	1
1A3X1/Airborne Mission System	1	1
1A4X1D/Airborne Battle Management System	1	0
1C1X1/Air Traffic Control	3	0
1N0X1/Operations Intelligence	3	0
1N1X1/Imagery Analysis	3	0
1N3X2A,B/Romance Crypto Linguist	1	0
1N5X1/Elect Signals Intelligence Exploit	1	0
3E8X1/Explosive Ordinance Disposal	1	0
7S0X1/Special Investigation	1	0
Totals	18	4

Table 1. FY 2005 SRB Recipients Separations by AFSC

Cause. SRB Force Shaping Program separations were minimized because AF/A1PF officials established effective procedures to monitor AFSC sustainment requirements and eliminate critical skills from SRB separation consideration when possible. For example, AF/A1PF personnel developed an SRB Optimization Model, an automated process for analyzing decisions and allocation strategies affecting career field sustainment and identifying AFSCs warranting SRBs.

³ We compared members separated in FY 2005 to the April 2005 SRB authorization list.

⁴ AF/A1PF personnel separated personnel in only 11 of the 32 AFSCs from the April 2005 SRB authorization list. Therefore, Table 1 only lists these 11 AFSCs.

Tab A

SRB Separations and Service Commitments

Impact. Properly using the SRB incentive is essential for retaining Airmen with skills necessary to sustain the war-fighting force under current budget constraints.

Audit Comment. Because we did not identify any material deficiencies in selective reenlistment bonus program separations, this audit result contains no recommendation for management corrective action.

AUDIT RESULTS 2 – ACTIVE DUTY SERVICE COMMITMENTS

Condition. Members receiving the SRB properly completed required active duty service commitments. During FY 2005, the 982 members receiving SRBs completed the active duty service commitment or were separated from active duty for appropriate reasons and either repaid unearned bonuses or properly received waivers. In particular,

- 574 (58 percent) completed the active duty service commitment.
- 51 (5 percent) were separated for misconduct or other reasons and repaid the unearned SRBs. For example, a Fire Protection career field member (AFSC 3E751) was discharged for misconduct and repaid \$2,846 in unearned SRB, and a Mental Health Services career field member (AFSC 4C051) voluntarily separated due to pregnancy and repaid \$1,283 in unearned SRB.
- 357 (36 percent) voluntarily separated under the Force Shaping Program, serving on average 4.5 of the 6-year commitment and either repaid the unearned bonus or received waivers (Chart 1).

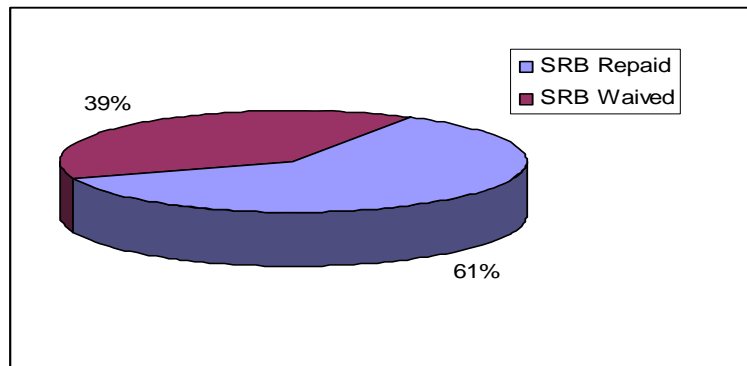


Chart 1. FY 2005 SRB Voluntary Separations

For example, a Nuclear Weapons career field member (AFSC 2W251) separated voluntarily and repaid \$4,100 in unearned SRB, while an Aerospace Ground Equipment career field member (AFSC 2A652) transferred to an Air Reserve Component and appropriately received a waiver for \$3,309 in unearned SRB.

Tab A

SRB Separations and Service Commitments

Cause. Members receiving SRBs properly completed required active duty service commitments because AF/A1PF personnel established clear SRB guidance and Air Force Personnel Center (AFPC) personnel effectively communicated separation procedures to installation Military Personnel Flights. Specifically,

- **Guidance.** Air Force Instruction 36-2606, *Reenlistment in the United States Air Force*, 21 November 2001, contained adequate SRB guidance, and AF/A1PF provided AFPC periodic “Force Shaping Program Messages”⁵ with clear procedures for processing separating SRB member recoupment actions and waivers.
- **Communication.** AFPC personnel regularly communicated Force Shaping Program and SRB recoupment and waiver instructions in Military Personnel Flight Memos (MPFM). For example, MPFM 04-25, *Air Force Shaping Program, Phase II*, 28 May 2004, directed Military Personnel Flights to waive unearned SRBs for members transferring to Air Reserve Components and recoup unearned SRBs from members not meeting Limited Active Duty Service Commitment Waiver Program requirements.

Impact. Effective service commitment controls help management retain Airmen with critical military skills; avoid unnecessary training costs; and recoup unearned bonuses, when appropriate.

Audit Comment. Because we did not identify any material deficiencies in SRB active duty service commitments, this audit result contains no recommendation for management corrective action.

⁵ Headquarters Air Force issued four Force Shaping Program Messages detailing initiatives or program changes affecting FY 2005 separations. For example, *Air Force Force Shaping Program, Phase II, Message 2*, provided detailed information on eligibility criteria and SRB recoupment action for members choosing to leave the active duty force and transferring to the Air Reserve Component.

AUDIT SCOPE

Audit Coverage. We performed audit work at Headquarters Air Force and AFPC (Appendix II) from December 2005 through September 2006, and reviewed documents such as AF Forms 100, *Request and Authorization for Separation*, and DD Forms 214, *Certificate of Release or Discharge From Active Duty*, dated from August 2004 through September 2005. We issued management a draft report in November 2006. To achieve the audit objectives, we:

- Obtained, reviewed, and analyzed FY 2005 Military Personnel Data System (MILPDS) SRB recipient separations, identified the reasons for separation and length of active duty commitment served, and compared the MILPDS data to related Defense Joint Military Pay System (DJMS) data to validate our results.
- Reviewed SRB separation guidance and Force Shaping Program policy to identify actions required to properly recoup or waive unearned SRB amounts. In addition, we verified if FY 2005 separations complied with Force Shaping Program policy by matching the separation code used and action taken on unearned SRB amounts with program guidance.

Sampling Methodology. We did not use statistical or judgmental sampling methods to project the audit results. We used computer-assisted auditing tools and techniques (CAATTs) to identify, manipulate, and analyze all FY 2005 MILPDS data for separated members receiving the SRB. Specifically, we used Microsoft Excel Sort, VLOOKUP, Average, and Sum functions to:

- Group functions by Separation Program Designator code.
- Match records from MILPDS to DJMS.
- Identify completed active duty service commitments.
- Calculate separated member unearned SRB amount.

Data Reliability. Although, we relied on computer-generated data from the MILPDS and DJMS, we did not evaluate the adequacy of the systems' general and application controls. Instead, we verified data reliability by comparing selected data to source documents such as AF Forms 100 and DD Forms 214 from military personnel files. Our tests disclosed the data were sufficiently reliable to support the audit conclusions.

Auditing Standards. We conducted this audit in accordance with generally accepted government auditing standards and, accordingly, included tests of internal controls over SRB program separations and active duty service commitments. Specifically, we

Audit Scope and Prior Audit Coverage

evaluated SRB separation process policies and procedures, division of duties, and SRB-related document approval processes.

PRIOR AUDIT COVERAGE

We did not identify any Air Force Audit Agency, DoD Inspector General, or Government Accountability Office reports issued within the past 5 years that addressed the same or similar objectives as this audit.

Locations Audited/ Reports Issued

<u>Organization/Location</u>	<u>Installation-Level Reports Issued</u>
<u>Headquarters United States Air Force</u>	
Deputy Chief of Staff for Manpower and Personnel Force Management Division (AF/A1PF)	NONE
<u>Field Operating Agency</u>	
Air Force Personnel Center Randolph AFB TX	NONE

This Page Intentionally Left Blank

Points of Contact

Manpower and Personnel Division (AFAA/SPP)
Support and Personnel Audits Directorate
2509 Kennedy Circle
Brooks City-Base TX 78235-5116

Ronald M. Jensen, Associate Director
DSN 240-2280
Commercial (210) 536-2280

Annie L. Faircloth, Program Manager

Cristina Nunez, Audit Manager
Helene A. Baker, Audit Manager

We accomplished this audit under project number F2006-FD4000-0043.000.

This Page Intentionally Left Blank

Final Report Distribution

SAF/OS
SAF/US
SAF/FM
SAF/IG
SAF/LL
SAF/PA
SAF/XC, AF/A6
AF/CC
AF/CV
AF/CVA
AF/A8
AF/RE
NGB/CF

AU Library
DoD Comptroller
OMB

ACC
AETC
AFMA
AFMC
AFOSI
AFRC
AFSOC
AFSPC
AIA
AMC
ANG
PACAF
USAFA
USAFE
Units/Orgs Audited

FREEDOM OF INFORMATION ACT

The disclosure/denial authority prescribed in AFPD 65-3 will make all decisions relative to the release of this report to the public.

This Page Intentionally Left Blank

To request copies of this report or to suggest audit topics for future audits, contact the Operations Directorate at (703) 696-7913 (DSN 426-7913) or E-mail to reports@pentagon.af.mil. Certain government users may download copies of audit reports from our home page at www.afaa.hq.af.mil/. Finally, you may mail requests to:

**Air Force Audit Agency
Operations Directorate
1126 Air Force Pentagon
Washington DC 20330-1126**

